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FM AMCONSUL SAO PAULO
TO RUEHC/SECSTATE WASHDC IMMEDIATE 5001
INFO RHEHNSC/NATIONAL SECURITY COUNCIL WASHDC IMMEDIATE
RUEHBR/AMEMBASSY BRASILIA PRIORITY 6143
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UNCLAS SAO PAULO 000484

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SUBJECT: MEDIA REACTION: WESTERN HEMISPHERE: SOUTH AMERICA, BOLIVIA,
URUGUAY, BRAZIL, MERCOSUL, A/S SHANNON; SAO PAULO

1. "Obsolescence of What Is Still Unfinished"

The lead editorial in center-right O Estado de S. Paulo remarked (5/5): "What should have been dealt with yesterday in Puerto Iguazu was the premature dismantling of the unfinished projects of [South American] regional integration. The ruined building under construction collapsed over current Brazilian foreign policy. Moved by ample ambitions of personal leadership, President Lula risked Brazil's political assets in the supremacist adventure called the South American Community of Nations.... Supported by its delirium of 'exploring South America,' a euphemism for its hegemonic dreams, Brazilian diplomacy has suffered a series of setbacks.... Mercosul has begun to dissolve -- Uruguay is on the verge of leaving the bloc. The Andean Community of Nations will have the same fate with the announced departure of Venezuela, whose Castroist-Chavist agenda is focused on the creation of the Bolivarian Alternative for the Americas over the ruins of the FTAA, which was aborted by the anti-Americanism of presidents Hugo Chavez and Nestor Kirchner."

2. "Uruguay To Break With Mercosul Ties"

Business-oriented Valor Economico (5/5) editorialized: "Mercosul is once again threatened with implosion or being reduced to a mere union of convenience between two rivals: Brazil and Argentina. There are good reasons for one to believe in Uruguay's firm intention to look for a trade agreement with the U.S. It is ironic that the first leftist president in Uruguay's history is the one taking leading the most serious intention in that direction."

3. "Time To Wake Up"

The lead editorial in liberal Folha de S. Paulo maintained (5/5): "The regional project aimed at the creation of the South American Community of Nations, the highlight of the Lula administration's diplomacy for the continent, is in ruins.... Following the naive stage of Brazilian 'natural leadership' in South America, Lula now seems to be overshadowed by President Hugo Chavez.... Chavez divides the Andean Community and promotes the Great Southern Oil Pipeline. And Venezuela's role as supporter of Morales' nationalization measures against Brazilian interests is an issue that must be clarified.... The most populous and industrialized nation in South America cannot ignore its regional priorities. Mercosul is in ruins.... With a pragmatic attitude, Washington is now offering trade advantages that are disengaging Uruguay and Paraguay from the bloc.... It is time for Brazil to overcome ideological prejudices against the FTAA and the agreement with the European Union and speed up these two projects."

14. "Of Rights And Responses"

Liberal Folha de S. Paulo political columnist Clovis Rossi commented (5/5): "Following some troglodytes who served as Assistant Secretary of State for Western Hemispheric affairs, Thomas Shannon seems to have a good understanding of what is going on in the former (or still) U.S. backyard. Instead of seeing a 'leftist wave,' Shannon says that it was the lack of response to the rights of the people that is responsible for the 'emergence of a new populism, especially in the Andean zone.' He also noted correctly that contrary to the populism of the past, the new leaders 'carry with them a certain level of social resentment, which is worrisome.' What Shannon is saying is that it was the failure of the so-called neo-liberal policies or those provided by Washington Consensus that is responsible for the rise of all heterodox governments elected in Latin America in recent years.... Therefore, it is not true that the Latin American people have become communist, Marxist, socialist or populist overnight. According to Shannon, what was missing was a 'response to the rights of the people.'"

McMullen